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An Audit Report on
**Selected Contracts at the
Department of Public Safety**

June 2013
Report No. 13-038

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Overall Conclusion

The Department of Public Safety (Department) sufficiently performed several planning, procurement, formation, and oversight activities for two contracts audited. However, auditors identified several opportunities for improvement in those areas for similar contracts in the future. (See text box for more information about the phases of contract development.)

The Department executed a contract for the Driver Responsibility Program that has resulted in \$1.1 billion in state revenue collected since fiscal year 2004. Additionally, the Department procured¹ the rebuilding of aircraft engines for 68 percent of the authorized cost.

The Department reported to the Legislative Budget Board that it awarded \$88.2 million in contracts from September 1, 2010, through December 31, 2012. Auditors tested the two contracts for compliance with applicable statutes and rules, Office of the Comptroller of Public Accounts requirements, and Department policies and procedures (see Appendices 2 and 3 for more information about the contracts audited). Specifically:

- **Driver Responsibility Program contract** - The Department entered into a contract with Municipal Services Bureau to collect surcharges due from the Department's Driver Responsibility Program. That contract was executed in August 2004. As of December 31, 2012, the Driver Responsibility Program had collected surcharges for the State of between \$36.8 million and \$173.4 million annually. During the same time period, Municipal Services Bureau collected an additional \$20,000 to \$15.6 million² annually for its services. That contract will expire in September 2013.

Contract Management Framework

- **Planning** - Identify contracting objectives and contracting strategy.
- **Procurement** - Fairly and objectively select the most qualified contractor(s).
- **Contract Formation/Rate/Price Establishment** - Ensure that the contract contains provisions that hold the contractor(s) accountable for producing desired results, including all relevant terms and conditions, and establish processes that are cost-effective and aligned with the cost of providing goods and services.
- **Contract Oversight** - Monitor and enforce the terms of the contract.

Source: *State of Texas Contract Management Guide*.

¹ Auditors used the Department's expenditures and its temporary database as sources when selecting contracts to audit. The Department gave that procurement its own contract number in its database. For purposes of this report, this procurement is referred to as a "contract."

² Municipal Services Bureau is paid from service fees collected through the program. Municipal Services Bureau collected the \$15.6 million in fiscal year 2012.

- **Aircraft engine rebuild contract** - The Department procured aircraft engine rebuild services for its Gulfstream Commander 1000, Twin-Engine Airplane (Twin Commander) under a statewide contract. The Department began planning for that procurement in fiscal year 2009. In August 2012, the Department issued a purchase order for those services with a maximum value of \$480,000 to Mid-Continent Airmotive, Inc. The rebuilds were completed and the airplane was returned to the Department in March 2013 for a final cost of \$326,115.

The Department substantially implemented 27 of 30 recommendations related to its contract with Municipal Services Bureau made in *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No. 05-040, July 2005). In addition, both contracts audited contained all essential contract terms listed in the *State of Texas Contract Management Guide*.

The Department began to implement a series of efforts to identify and address contracting weaknesses in fiscal year 2012. Those efforts occurred after the Department had procured the Driver Responsibility Program contract, but before it had procured the aircraft engine rebuild contract. Those efforts included a management initiative, an *Assessment of Contract Management* report by the Department's Chief Auditor's Office, and the reallocation of staff to the contracting function. For the two contracts audited, auditors identified certain areas that should be improved. Specifically, the Department should:

- Improve enforcement of its contract approval process to help ensure that all internal and external reviews are completed.
- Communicate all changes to solicitation selection criteria to potential bidders in a timely manner.
- Verify that procurements made under a statewide contract are consistent with the terms of that statewide contract.
- Obtain sufficient documentation of goods and services received prior to payment, and process and properly authorize payments within the time frame required by the Prompt Payment Act.

Summary of Management's Response

The Department agreed with the recommendations in this report. The Department's detailed management responses are presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to determine whether the Department:

- Procured selected contracts for goods and services in accordance with applicable statutes, rules, Office of the Comptroller of Public Accounts requirements, and Department policies and procedures to help ensure that the State's interests were protected.
- Managed and monitored selected contracts for goods and services to help ensure that contractors performed according to the terms of the contracts and that contractor billings were valid and supported, in accordance with applicable statutes, rules, Office of the Comptroller of Public Accounts requirements, and state entity policies and procedures.

The scope of this audit covered Department contracts that were active between September 1, 2010, and December 31, 2012. Auditors selected two contracts: a contract for the Driver Responsibility Program and a procurement of aircraft engine rebuild services made under a statewide contract. The audit concentrated on all phases (planning, procurement, contract formation, and contract oversight) of the contracting process.

The audit methodology consisted of collecting and reviewing procurement documentation and contracts; conducting interviews with Department staff; reviewing statutes, rules, Office of the Comptroller of Public Accounts requirements, and Department policies and procedures; identifying and collecting information on the implementation of selected prior audit recommendations; and performing selected tests and other procedures.

Auditors also assessed the reliability of data in the Uniform Statewide Accounting System and the Department's Microsoft Access contract database.

Auditors communicated other, less significant issues related to information included in solicitations and contracts and compliance with state records retention requirements and internal policies and procedures to the Department's management separately in writing.

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Detailed Results

Chapter 1

The Department's Planning for Both Contracts Audited Was Largely Effective

The Department of Public Safety (Department) used several effective contracting practices when planning the contracts for the Driver Responsibility Program and aircraft engine rebuild services. However, in fiscal year 2004, the Department did not obtain necessary approvals prior to procuring the Driver Responsibility Program contract. In addition, the Department did not properly ensure that it was still paying competitive rates prior to extending the Driver Responsibility Program contract. It also did not properly conduct vendor research in planning for the procurement of aircraft engine rebuild services.

Chapter 1-A

The Department Performed Several Key Steps in Planning the Driver Responsibility Program Contract; However, It Did Not Obtain Necessary External Approvals Prior to Contract Execution

The Department followed several appropriate contracting practices in planning the Driver Responsibility Program contract. The Department was proactive in planning for the possible implementation of the Driver Responsibility Program in March 2003, before passage of the enabling legislation. At that time, the Department analyzed estimated costs for providing Driver Responsibility Program surcharge collection services internally. Based on that analysis, the Department concluded that contracting externally for collection services was the best option.

The Department chose to solicit collection services through a request for proposal (RFP). Because the Driver Responsibility Program was a new program, using an RFP was an appropriate choice because it allowed the Department to (1) evaluate different options vendors proposed for implementing the new program and (2) negotiate with the vendor to obtain the best value for the State. The Department involved appropriate managers in drafting the RFP and identified subcontracting opportunities for historically underutilized businesses.

The Department created a statement of work that identified key performance metrics and designated reports and data that the vendor would be required to provide to the Department. Additionally, the statement of work documented the factors the Department planned to use to determine which proposal represented the best value to the State.

The Department did not seek appropriate external approvals prior to executing the Driver Responsibility Program contract in August 2004. The Department did not seek or receive the following external reviews, which are designed to help protect the State's interests:

- Office of the Attorney General's (Office) review of debt collection terms in the contract, as required by Texas Government Code, Section 2107.003. The Department submitted the contract to the Office in response to a request from the Office in fiscal year 2005.
- Texas Building and Procurement Commission's³ review of proposal specifications and criteria in the contract, as required by Texas Government Code, Sections 2156.121 and 2157.121.

In addition, the Department did not seek delegated purchase authority from the Texas Building and Procurement Commission, as required by Texas Government Code, Section 2155.132. The Department did not seek delegated purchase authority because it incorrectly assessed the cost of the contract as zero because it considered the amount of Department funds to be expended instead of the contract's total value. The Department does not directly pay the Driver Responsibility Program vendor, Municipal Services Bureau. Instead, the vendor is compensated through a series of fees that offenders must pay in addition to their Driver Responsibility Program surcharges. During the contract's first four years, Municipal Services Bureau earned an average of \$7.7 million per year, for a total of \$30.6 million in fee revenue.

The Department did not reevaluate whether extending its contract with the vendor represented the best value to the State prior to extending the contract beyond the standard recommended time period. In fiscal year 2008, the Department exercised its right to extend the initial four-year Driver Responsibility Program contract with Municipal Services Bureau for an additional five years. The *State of Texas Contract Management Guide* recommends that contracts should not exceed four years, including renewal or extension periods. Reasonable periods between competitive procurements increase opportunities for competition and the likelihood that the State will receive the best value.

The Department also did not perform adequate research prior to exercising its option to extend the contract for five years, and it did not document its rationale for extending the contract. For example, the vendor's cumulative earnings at the time management decided to extend the contract exceeded management's estimated costs for operating the Driver Responsibility Program for the same time period by \$3.8 million (21 percent).⁴ Texas

³ House Bill 3560 (80th Legislature) transferred procurement duties from the Texas Building and Procurement Commission to the Office of Comptroller of Public Accounts. Those transferred duties included reviews of proposal specifications and delegating purchase authority to individual state agencies, effective September 1, 2007.

⁴ Auditors calculated that difference using the Department's estimated costs through fiscal year 2007 and Municipal Services Bureau's earnings through the same time period.

Government Code, Section 2261.151, requires state agencies to reevaluate their payment rates at least biennially. The Department does not have a formal process for performing that analysis, and there is no evidence that price was a consideration in the Department's decision to extend the contract. The Department should have planned for that extension by researching and comparing costs associated with its contract with Municipal Services Bureau with similar contracts to determine whether the contract rate was still competitive.

Recommendations

The Department should:

- Improve enforcement of its contract approval process to help ensure that all internal and external reviews are completed prior to a contract's execution.
- Develop and implement procedures requiring that the overall contract value be used to determine the required approval process. The contract value should include the costs to both the Department and to third parties.
- Develop and implement a strategy to plan future solicitations, including the timing and the best means to solicit rebids for major contracts, that complies with *State of Texas Contract Management Guide* requirements.
- Develop and implement a procedure to reevaluate its payment rates at least biennially, as required by Texas Government Code, Section 2261.151.

Management's Response

- *The Department agrees and will improve enforcement of its contract approval process.*
- *The Department currently has an approval process in place based on the total cost of the contract. We will assure this process includes the costs to both the agency and to third parties to the extent the third party costs are known.*
- *The Department agrees with the need for advanced planning. We are currently seeking an electronic procurement system which will assist in this process by providing better tracking and reporting in addition to improved project planning.*
- *The Department will implement a procedure requiring payment rates be reevaluated at least biennially as required by the Government Code, Section 2261.151.*

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: September 2013

Chapter 1-B

While the Department Did Necessary Planning for the Aircraft Engine Rebuild Contract, It Should Have Contacted More than One Vendor During Its Research

The Department was proactive in planning the aircraft engine rebuild contract. The Department began planning the potential rebuild of the engines for its Gulfstream Commander 1000, Twin-Engine Airplane (Twin Commander) in fiscal year 2009. It assessed the cost of rebuilding the Twin Commander's engines against the cost of replacing the aircraft. The Department's Aircraft Section presented the completed analysis, which concluded that rebuilding the engines was the more cost effective option, to the Department's director. At that time, management estimated that the engines would be due for rebuild at the end of fiscal year 2011.

Department of Transportation's Flight Services Section

Generally, the Department of Transportation's Flight Services Section (Flight Services) performs maintenance on State-owned aircraft. The Department's Gulfstream Commander 1000, Twin-Engine Airplane (Twin Commander) is the only such aircraft the State owns. Because the Department and Flight Services have decided that the Twin Commander requires specialized mechanics with a working knowledge of the aircraft, they have agreed to outsource its maintenance.

Source: The Department of Transportation's Web site, the State Property Accounting (SPA) System, and the Department.

The Department worked with the Office of the Comptroller of Public Accounts' Texas Procurement and Support Services (TPASS) division to develop a statewide contract for maintenance and repair of the Twin Commander. That contract could be amended later to include the aircraft engine rebuild services. In November 2010, TPASS authorized two vendors to perform services under the statewide maintenance and repair contract. Those two vendors were Mid-Continent Airmotive, Inc. (Mid-Continent), which is a Twin Commander factory-authorized service center, and another company, which is not a Twin Commander factory-authorized service center. The statewide maintenance and repair contract could be extended through fiscal year 2014, which covered the time period during which Department management estimated the engines would need to be rebuilt. (Appendix 3 contains a more detailed history of that contract.)

The Department used only the vendor that maintained the Twin Commander at the time of the RFP to research the procurement, instead of multiple vendors as required. In fiscal year 2011, TPASS consulted with Department management to help it prepare the RFP for the aircraft engine rebuild services. The Department does not have policies and procedures that describe processes for contacting potential vendors to obtain research information, such as cost estimates, when planning for procurements. Department management consulted with Mid-Continent, which was the Department's vendor for maintaining the Twin Commander at that time, to help it plan the procurement for the aircraft engine rebuild services. The *State of Texas Contract Management Guide* requires agencies that use contractors in researching procurements to solicit research information from more than one vendor.

Using multiple vendors helps an agency avoid the appearance that a single vendor directed the agency to write the procurement document in a way that unfairly favors that vendor. In November 2010, TPASS recommended that the Department award the contract for maintenance and repair work on its Twin Commander to Mid-Continent based on the best value to the State.

Using multiple vendors for research also would have provided the Department the opportunity to alert potentially desirable vendors of the upcoming procurement opportunity, possibly increasing competition. For example, in addition to Mid-Continent, there are 12 Twin Commander factory-authorized service centers in the United States.

Recommendation

The Department should adopt policies to require staff to consult with multiple vendors when using vendors to research procurements.

Management's Response

The Department agrees and will adopt policies to require staff to consult with multiple vendors when using vendors to research procurements.

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: July 2013

The Department Should Ensure That Its Solicitation Documents Clearly Communicate Its Needs to Potential Bidders

The Department properly solicited the Driver Responsibility Program contract and the statewide maintenance and repair contract under which the Department procured aircraft engine rebuild services for its Twin Commander aircraft. However, the Department should take steps to help ensure that it obtains the best overall value to the State while also meeting the Department's needs by:

- Communicating changes in selection criteria to potential bidders in a timely manner.
- Procuring goods and services that are consistent with the terms and conditions of statewide contracts when using such contracts.

Chapter 2-A

The Department Posted a Properly Approved RFP for the Driver Responsibility Program Contract; However, It Did Not Communicate Changes in Vendor Selection Criteria to Potential Bidders

For the Driver Responsibility Program contract, the Department ensured that the appropriate levels of management approved the RFP. The Department also posted the RFP correctly to help ensure that potential bidders were aware of the RFP. In addition, the Department used 75 (90 percent) of the 83 individual requirements listed in the RFP in its scoring matrix for ranking the bidders. It also added 6 requirements (7 percent of the total requirements in the scoring matrix) that were not included in the RFP. The Department did not provide a written addendum to the RFP to show that it had communicated those changes to bidders. As a result, the Department did not give bidders sufficient opportunity to prepare proposals that addressed the Department's additional expectations.

Agencies are required to communicate selection criteria through the RFP and addendums in a manner that allows respondents sufficient time to consider that criteria in preparing their responses. Texas Government Code, Section 2155.075(b), requires state agencies making purchases through competitive sealed proposals to specify in the RFP the known factors other than price that the agencies will use in determining the best value to the State. In addition, the *General Services Commission*⁵ *RFP Handbook*, which was effective in May 2004, required addendums to RFPs be made in writing and mailed to all potential respondents and that potential responders be given adequate time to respond to RFP addendums.

⁵ The General Services Commission was a predecessor agency to the Texas Building and Procurement Commission.

The Department did not provide the Legislative Budget Board a copy of the Driver Responsibility Program contract at the time of contract execution. Texas Government Code, Section 2054.008, requires state agencies to provide the Legislative Budget Board with written notice of a major information system contract for more than \$100,000 within 10 days of executing the contract.

Recommendations

The Department should:

- Ensure that it communicates all criteria that it will use in scoring bidders. If the Department changes criteria during procurement, it should communicate these changes to all potential bidders in a timely manner.
- Provide the Legislative Budget Board all procurement documentation required by statute.

Management's Response

The Department agrees with this recommendation and will:

- *Ensure all criteria that will be used in scoring bidders is communicated, including any changes made during procurement*
- *Provide the Legislative Budget Board all procurement documentation required by statute.*

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: July 2013

Chapter 2-B

The Department's Procurement of Aircraft Engine Rebuild Services Was Inconsistent with the Associated Statewide Contract

For the aircraft engine rebuild services, the Department adequately documented its rationale for selecting Mid-Continent. However, it procured the aircraft engine rebuild services under a statewide maintenance and repair contract that did not include those services.

In August 2012, the Department issued a \$480,000 purchase order for rebuilding the Twin Commander's engines under the original statewide maintenance and repair contract discussed in Chapter 1-B. That statewide

contract was unsuitable for those services because it specifically excluded aircraft engine rebuild services. Instead, the statewide contract contained an option for the Department to add a supplement for aircraft engine rebuild services. As a result, the Department should have procured the aircraft engine rebuild services either by executing a supplement to the statewide maintenance and repair contract or as a separate new contract.

In addition, the purchase order that the Department issued for the aircraft engine rebuild services did not receive one of three required approvals. The director of the Department's Procurement and Contract Services did not approve the purchase order. As of April 2012, Department policy required that approval for purchase orders exceeding \$100,000.

Recommendations

The Department should ensure that:

- Procurements made under an associated contract, such as the statewide maintenance and repair contract, are consistent with that associated contract to ensure that the procurements are appropriate.
- Updated policies and procedures contain guidelines to effectively manage the Department's use of statewide contracts and instructions on how to document compliance.
- Procurement documents, including purchase orders, receive all required approvals prior to execution.

Management's Response

The Department agrees and will ensure:

- *Work being conducted under an associated contract is consistent with that contract.*
- *Policies and procedures contain guidelines to effectively manage the Department's use of statewide contracts and instructions on how to document compliance*
- *All documents receive required approvals prior to execution.*

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: September 2013

The Department Strengthened Its Oversight of the Driver Responsibility Program Contract, But It Should Further Improve Contract Monitoring Controls, Especially Over Payments to Contractors

The Department strengthened its oversight of the Driver Responsibility Program contract by implementing substantially all of the recommendations related to its oversight of the vendor, Municipal Services Bureau, from *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No. 05-040, July 2005).

However, the Department has not sufficiently monitored payments made under either contract audited. In the case of the Driver Responsibility Program contract, the Department's regular late payments to Municipal Services Bureau resulted in the Department incurring \$20,665 in additional costs for Prompt Payment Act interest. Additionally, the Department made its initial payment for aircraft engine rebuild services based on an insufficiently detailed invoice.

In fiscal year 2012, the Department began an effort to improve its contracting processes and controls for all contracts. The Department should complete those efforts to improve all phases of contracting, including monitoring.

Chapter 3-A

The Department Implemented Effective Performance Oversight Controls for the Driver Responsibility Program Contract

The Department implemented 27 of 30 recommendations that auditors reviewed related to the Driver Responsibility Program contract made in *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No. 05-040, July 2005). Specific improvements included:

- Performing on-site reviews of Municipal Services Bureau operations approximately every two years.
- Having bi-weekly meetings with Municipal Services Bureau staff to discuss and resolve performance and general operating issues.
- Reconciling daily activity reports with monthly compliance reports for consistency.
- Tracking and following up on offender complaints related to Municipal Services Bureau processes in a timely manner to help ensure that complaints from the public regarding Municipal Services Bureau are resolved.

- Reconciling monthly surcharge collections to Municipal Services Bureau invoices and reconciling deposits to the State Treasury.
- Amending the Department's service-level agreement with Municipal Services Bureau to include a requirement that Municipal Services Bureau separate Driver Responsibility Program funds from other Municipal Services Bureau funds.

The Department has not implemented three recommendations that could strengthen certain controls over Municipal Services Bureau's automated systems. Specifically, the Department has not ensured that Municipal Services Bureau:

- Reevaluates access rights for its users at least annually and modifies user rights, if necessary, to ensure that their access rights correspond to their job duties.
- Conducts security awareness training upon employment and annually for employees who process Driver Responsibility Program transactions.
- Reviews all employees' access to its collections system and uses the system's capabilities to limit their access based on job duties. Instead, the vendor relies on intraoffice emails and phone calls to communicate changes in employees' status.

Recommendations

The Department should:

- Implement the remaining recommendations from *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No. 05-040, July 2005). Specifically the Department should ensure that Municipal Services Bureau:
 - ♦ Reevaluates access rights for its users at least annually and modifies user rights, if necessary, to ensure that their rights correspond to their job duties.
 - ♦ Conducts security awareness training upon employment and annually for employees who process Driver Responsibility Program transactions.
 - ♦ Reviews all employees' access to its collections system and uses the system's capabilities to limit their access based on job duties.

Management's Response

The Department agrees and will ensure the vendor is compliant with:

- *re-evaluating access rights for its users, modifying their user rights to correspond with job duties,*
- *conducting security awareness training upon employment including annual training for all staff who process Driver Responsibility Program transactions,*
- *reviewing all employee's access to its collection system and limiting their access to system capabilities based on job duties.*

Since these requirements relate to general security measure, no modification to the contract is necessary. The vendor has already modified their Information Technology Standard Operating Procedures (ITSOP) as of April 2013 to include all items listed above. The vendor has also implemented a standard six-month review (starting August 2013) of the ITSOP for these new procedures. The Driver License Division will confirm the vendor is in compliance with the changes during the next DRP vendor audit in August 2013.

Responsible Party: Deputy Assistant Director, Customer Support

Target Implementation Date: August 2013

The Department Should Strengthen Its Monitoring of Vendor Payments

The Department did not pay Municipal Services Bureau within the required time frames.

Municipal Services Bureau receives compensation for collecting surcharges by charging individuals service fees in addition to the surcharges the individuals owe (see text box). Municipal Services Bureau deposits the surcharges and service fees it collects each month directly to the State Treasury. The Department subsequently refunds the service fees to Municipal Services Bureau.

Surcharges and Service Fees

Municipal Services Bureau is authorized to charge individuals the following service fees in addition to the surcharges the individuals owe:

- A service fee of 4 percent of the original surcharge amount.
- An installment plan fee of \$2.50 for each partial payment.
- A credit or debit card fee of 2.25 percent of the payment plus \$0.25 (except where prohibited by law).
- An electronic check fee of \$2.00 for each payment.

For example, an individual convicted of driving while intoxicated will be assessed a surcharge of \$1,000 per year for three years. If the individual uses a credit card to make monthly installment payments over three years, that individual would pay a total of \$3,286.50: \$120 in service fees, \$76.50 in credit card fees (unless prohibited by law), \$90 in installment fees, and the \$3,000 surcharge.

Source: The Department's Web site.

From September 1, 2010, through December 31, 2012, the Department incurred \$20,665 in Prompt Payment Act interest charges because it did not refund the service fees to Municipal Services Bureau within the time frames required by Texas Government Code, Chapter 2251. Not paying expenditures in a timely manner is a Department-wide problem. During the same time period for all expenditures, the Department incurred a total of \$534,900⁶ in Prompt Payment Act interest charges.

The Department paid an invoice for the Twin Commander engine rebuild services that did not meet the contract's documentation requirements.

The Department procured the aircraft engine rebuild services for \$326,115, which was 68 percent of the \$480,000 authorized cost on the purchase order. However, the Department did not obtain adequate supporting documentation for the products and services delivered when it made a partial payment for the aircraft engine rebuild services in January 2013. While the aircraft engine rebuilds were in progress, the Department paid Mid-Continent \$318,505, or 98 percent of the \$326,115 total cost, based on an invoice and supporting schedules with single line items for:

- Parts.
- Labor.
- Miscellaneous charges.
- Quote fees.

Rebuilding aircraft engines does not have fixed parts and labor costs. The vendor could not accurately determine the actual cost to rebuild the aircraft

⁶ The Department incurred the most Prompt Payment Act interest among state agencies: 39 percent of all \$1,382,244 Prompt Payment Act interest the State incurred during the same time period.

engines until it disassembled the engines to identify the parts that required replacement or repair. The statewide maintenance and repair contract under which the Department procured the aircraft engine rebuild services required invoices to include a description of the services delivered including the unit price, quantity, and total price of products and services. Without an itemized list of parts used and labor charged, as the statewide maintenance and repair contract required, the Department could not verify the value of the completed work.

Recommendations

The Department should:

- Process and properly authorize payments within the time frame required by the Prompt Payment Act.
- Obtain sufficient documentation of goods and services received prior to making payments.

Management's Response

The Department agrees with the recommendations.

- *The current processes used by the Department are manually intensive. Accounts Payable Management will establish and document policies and procedures to assure payments are processed and properly authorized within the timeframe required by the Prompt Payment Act with sufficient documentation of goods and services having been obtained prior to making payments. This will necessitate improvements to processes throughout the agency; therefore Accounts Payable Management will coordinate with applicable parties within other divisions to achieve necessary results. Procurement and Contract Services is currently evaluating offers from an RFO for an E-Procurement system. It is the intention of the Department to have a system that will provide transparency from procurement to payment in the future.*
- *The Department will assure sufficient documentation is obtained prior to making payment.*

Responsible Party: *Deputy Assistant Director, Policy and Planning*

Deputy Assistant Director, Grants and Accounting

Target Implementation Date: *March 2014*

The Department Should Complete Its Plans to Strengthen All Phases of Contracting, Including Monitoring

In fiscal year 2012, the Department began an effort to address contract management weaknesses by improving its contracting processes and controls. Those efforts included a management initiative, an *Assessment of Contract Management* report (assessment report) by the Department's Chief Auditor's Office, and the reallocation of staff to the contracting function. (See Appendix 4 for a time line of those efforts.)

Deficiencies in the aircraft engine rebuild contract, which was procured after initiation of those improvements, show that the Department's efforts are incomplete. As of March 2013, the Department had not met its target dates for implementing all planned improvements. Specifically:

- Developing a final plan to implement corrective actions proposed in the assessment report by January 2013 - The assessment report, which was released in June 2012, contains a listing of proposed corrective actions that cover all contracting phases. Management's responses included a time table to develop a final plan for implementing a comprehensive corrective action plan. However, as of March 2013, management had not created that final plan for implementing the comprehensive corrective action plan.
- Providing staff training specified in the Department's April 2012 *Director's Directive on Contracting* by May 31, 2012 – The Department's *Director's Directive on Contracting* is a one-page document that contains specific steps to improve the Department's contracting processes. One of those steps requires that all assistant directors and their designated contract managers attend training by May 31, 2012. The Directive specified that this training was to include the following topics: planning and prioritization, open and competitive contracting, proprietary and emergency contracts, ethics, nepotism, donations, best value evaluations, and other related topics. Training on those topics had not occurred as of March 2013. Instead, Department managers determined that a different course of training more oriented toward reemphasizing the mechanics of the Department's contract process would better meet the Department's needs. The Department held three training classes via Web conferencing on this new curriculum between July 2012 and September 2012. The Web conferencing platform does not create a log of attendees. Therefore, there is no assurance that the persons required to take the training actually received the training.

Management plans to create additional contracting policies and procedures.

The Department does not have comprehensive contracting policies and procedures. In February 2012, the director of the Department's Procurement and Contract Services Bureau began developing new policies and procedures.

As of February 2013, the director had finalized nine standard operating procedures and nine administrative memorandums.⁷ However, Department management had not created an inventory of all planned policies and procedures it needs to create a comprehensive set of policies and procedures. Management cannot create an effective final corrective action plan, with target dates, until it has determined which policies and procedures it needs to have a comprehensive set.

The Department's temporary contract database does not differentiate between contracts and purchase orders.

The Department discontinued use of its financial accounting and contracting system in fiscal year 2012. The Department started using the State's Uniform Statewide Accounting System as its primary accounting system. The Department created a Microsoft Access database to temporarily house its contract data. That database does not allow Department management to complete effective monitoring of its contracts because it does not differentiate between contracts and purchase orders.

Recommendations

The Department should:

- Develop a final plan to implement corrective actions proposed in the assessment report.
- Ensure that Department staff receives necessary contract training, including training specified in the April 2012 *Director's Directive*.
- Create a list of all policies and procedures it needs to create a comprehensive set of contracting policies and procedures. Management should create an action plan for completing this task.
- Ensure that its records enable users to differentiate between purchase orders and contracts.

⁷ Standard operating procedures are general procedures that cover topics such as nepotism and procedures for authorizing purchase orders that exceed the dollar estimate of the approved requisition. Administrative memorandums are specialized procedures with limited scope, such as requirements for prompt distribution of contract documents.

Management's Response

The Department agrees and:

- *Will develop a final plan to implement corrective actions.*
- *Will create a listing of all policies and procedures planned for Procurement and Contract Services.*
- *Has already instituted a change in nomenclature to better differentiate between the two. In addition, the Department is currently seeking an e-Procurement system which would also allow for better identification of the two.*
- *Contract training needs have been and will continue to be assessed and provided.*

Responsible Party: *Deputy Assistant Director, Policy and Planning*

Target Implementation Date: *August 2013*

Both Contracts Audited Contained All Essential Contract Terms; However, the Department and Vendor Changed the Driver Responsibility Program's Credit Card Fee Allocation Methodology Without Formally Amending the Contract

The Driver Responsibility Program contract and aircraft engine rebuild contract contained all essential contract terms listed in the *State of Texas Contract Management Guide* (contract management guide). However, the Department and Municipal Services Bureau significantly changed the Driver Responsibility Program's credit card fee allocation methodology without formally amending the contract.

Chapter 4-A

The Driver Responsibility Program Contract and Aircraft Engine Rebuild Contract Contained All Essential Contract Terms

Both contracts contained all essential contract terms listed in the contract management guide.⁸ Those essential terms serve to protect the State's interests by:

- Ensuring that important items such as the contract price, the scope of work, and contract specifications are documented.
- Protecting state funds by documenting items such as information that vendors are required to include on billing documents and ensuring that the State can audit or investigate the use of state funds under the contract.
- Enabling the State to achieve policy objectives by requiring vendors to use materials produced in the State of Texas when possible and to require that information technology-related products comply with State of Texas accessibility requirements.

The Department does not currently use standard contract templates, as recommended in the contract management guide and the Department's chief auditor's June 2012 assessment of the Department's contract management processes. The Department could reduce the risk of omitting relevant contract terms from future contracts by including all essential and recommended contract terms in its standard contract templates.

⁸ Auditor's used Version 1.1 of the *Contract Management Guide*, published in October 2004, to test for terms in the Driver Responsibility Program contract and its associated service level agreements and amendments. Auditors used the current version of the *Contract Management Guide*, Version 1.9, to test for terms in the aircraft engine rebuild contract.

Recommendation

The Department should create standard contract templates that include all essential and recommended contract terms.

Management's Response

The Department agrees with the recommendation and will create standard contract templates. This effort has already been initiated for several contract types.

Additionally, when available, the Department will incorporate the Comptroller's recommendations that will result from recent legislation (SB1681) for contract forms and terms to be used by state agencies to improve contract management, should they differ from existing templates.

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: September 2013

Chapter 4-B

The Department Did Not Execute a Contract Amendment When It Agreed to Change the Collection and Allocation Methodology for Credit Card Fees

The Department and Municipal Services Bureau agreed to a significant change in the collection and allocation of Driver Responsibility Program credit card fees without a written contract amendment, as required by the contract.

From December 2005 through July 2010, Municipal Services Bureau used the State's e-government Web portal, Texas.gov, to collect surcharges and associated fees that were paid by debit or credit cards. The Texas.gov vendor and the State shared the \$8.5 million⁹ in credit and debit card fees collected during that time period.

In June 2010, the Department obtained an exemption from the Department of Information Resources allowing Municipal Services Bureau to collect Driver Responsibility Program surcharges and fees through its own system, instead

⁹ The amount of credit and debit card fees collected is based on information provided by Municipal Services Bureau.

of through Texas.gov.¹⁰ When Municipal Services Bureau began collecting those surcharges in July 2010, the Department allowed Municipal Services Bureau to keep 100 percent of the credit and debit card fees collected. From July 2010 through March 2013, Municipal Services Bureau collected \$7.9 million in credit and debit card fees. The State did not receive any portion of those collected revenues.

The Department agreed to the changes and created a draft of an amendment to its contract with Municipal Services Bureau. However, the Department and Municipal Services Bureau never finalized or signed the amendment to incorporate the changes as required by the contract.

Recommendation

The Department should ensure that all changes to a contract be made through a signed, written amendment.

Management's Response

The Department agrees and will ensure all changes are made by signed written amendment.

Responsible Party: Deputy Assistant Director, Policy and Planning

Target Implementation Date: June 2013

¹⁰ Texas Government Code, Chapter 2054, specifies that a state agency may not duplicate an infrastructure component of the state electronic Internet portal, such as Texas.gov, without the Department of Information Resources' approval.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Department of Public Safety (Department):

- Procured selected contracts for goods and services in accordance with applicable statutes, rules, Office of the Comptroller of Public Accounts requirements, and Department policies and procedures to help ensure that the State's interests were protected.
- Managed and monitored selected contracts for goods and services to help ensure that contractors performed according to the terms of the contracts and that contractor billings were valid and supported, in accordance with applicable statutes, rules, Office of the Comptroller of Public Accounts requirements, and state entity policies and procedures.

Scope

The scope of this audit covered Department contracts that were active between September 1, 2010, and December 31, 2012. Auditors selected two contracts: a contract for the Driver Responsibility Program and a procurement of aircraft engine rebuild services made under a statewide contract. The audit concentrated on all phases (planning, procurement, contract formation, and contract oversight) of the contracting process.

Methodology

The audit methodology consisted of collecting and reviewing procurement documentation and contracts; conducting interviews with Department staff; reviewing statutes, rules, Office of the Comptroller of Public Accounts requirements, and Department policies and procedures; identifying and collecting information on the implementation of selected prior audit recommendations; and performing selected tests and other procedures.

Auditors used expenditure information in the Uniform Statewide Accounting System (USAS) and the Department's Microsoft Access contract database to identify contracts and performed an analysis of risk factors including dollar value, procurement date, vendor performance information, and recent audit coverage to select the two contracts for audit.

Auditors determined that USAS data was sufficiently reliable for purposes of this audit based on results of control testing performed in a previous State

Auditor's Office audit. Auditors determined that the Department's Microsoft Access contract database was not sufficiently reliable for identifying contracts and related expenditures because that database did not differentiate between purchase orders and contracts.

Information collected and reviewed included the following:

- Department procurement files, including planning documentation, purchase orders, approvals, invoices, and other supporting documentation.
- Contracts with Municipal Services Bureau and Mid-Continent Airmotive, Inc., including requests for proposals, service level agreements, and amendments.
- Texas Procurement and Support Services (TPASS) procurement documentation for the statewide maintenance and repair contract for the 1985 Gulfstream Commander 1000, Twin-Engine Airplane (Twin Commander).
- Department on-site program review reports of Municipal Services Bureau, including supporting worksheets and summaries.
- Department personnel training and certification records and conflict of interest statements.
- Driver Responsibility Program revenue data generated from USAS, the Department, and Municipal Services Bureau.
- Emails and other documentation that supported information provided by interviews.
- *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No.05-040, July 2005) and supporting working papers, including cost estimates and evaluation scoring results.

Procedures and tests conducted included the following:

- Interviewed Department, TPASS, and Office of the Attorney General staff.
- Tested whether Department purchasing staff met the Office of the Comptroller of Public Accounts' training and certification requirements.
- Tested whether the Department followed applicable guidelines in the *State of Texas Contract Management Guide* and the *State of Texas Procurement Manual* when planning for both contracts audited.

- Reviewed contracts to determine whether they included essential contract terms listed in the *State of Texas Contract Management Guide*, as applicable.
- Reviewed contracts and amendments for appropriate authorizations.
- Reviewed contract payments for appropriate support and approvals.
- Reviewed the implementation status of selected contract-related recommendations from *An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program* (State Auditor's Office Report No.05-040, July 2005).
- Reviewed Department monitoring activities, including reviews of reports that Municipal Services Bureau submitted and the results of the Department's on-site reviews of Municipal Services Bureau.

Criteria used included the following:

- Texas Government Code, Chapters 2151, 2152, 2154 -2158, 2161, 2251, 2252, 2254, 2261, and 2262.
- *Texas State Records Retention Schedule*, Second Edition.
- Title 34, Texas Administrative Code, Chapter 20 (Texas Procurement and Support Services).
- *State of Texas Contract Management Guide*, Versions 1.1, 1.4, 1.6, and 1.9.
- *State of Texas Procurement Manual*, version released in 2012 and version in effect prior to 2012.
- The Department's policies and procedures.

Project Information

Audit fieldwork was conducted from January 2013 through March 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Gregory Scott Adams, CPA, CGFM, MPA (Project Manager)

- Tessa Mlynar, CFE (Assistant Project Manager)
- Isaac A. Barajas
- Renee Castro
- Joseph Curtis, CPA
- Olivia Gutierrez
- Johann A. Hajek, MAcc
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Cesar Saldivar, CGAP, CICA (Audit Manager)

History of the Driver Responsibility Program Contract

Texas Transportation Code, Chapter 708, which went into effect September 2003, required the Department of Public Safety (Department) to implement the Driver Responsibility Program. That program assesses surcharges to individuals based on certain traffic offenses. Surcharges collected are divided between the General Revenue Fund and the General Revenue Account 5111–Designated Trauma Facility and EMS to fund trauma center operations. The Department also receives 1.0 percent of the revenue to administer the program. Table 1 lists significant events in the Department’s implementation of the Driver Responsibility Program and its contract with the Driver Responsibility Program vendor, Municipal Services Bureau. A screenshot of Municipal Services Bureau’s Web site home page appears on page 25.

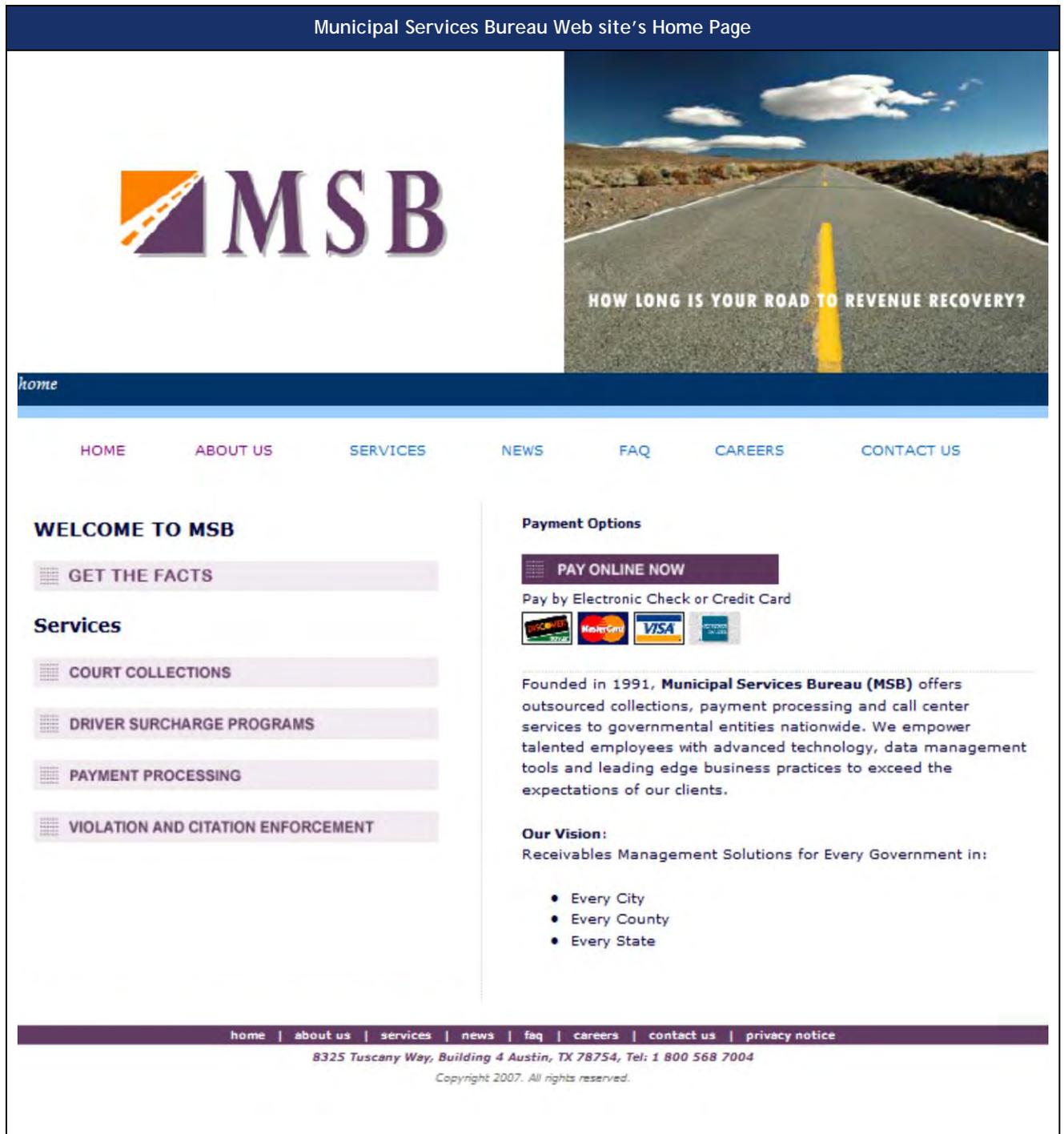
Table 1

History of the Driver Responsibility Program Contract	
Date	Key Events
March 2003	<ul style="list-style-type: none"> The Department planned for potential implementation of the Driver Responsibility Program, pending passage of House Bill 3588 (78th Legislature). The Department estimated the costs of implementing the Driver Responsibility Program in-house and decided to contract with a vendor to collect the surcharges.
May 2004	<ul style="list-style-type: none"> The Department posted in the <i>Electronic State Business Daily</i> the request for proposal (RFP) for a vendor to implement the collection of surcharges. The due date for proposals was June 22, 2004.
July 2004	<ul style="list-style-type: none"> The Department evaluated the four responses it received to the RFP. The Department requested that all four bidders submit revised cost offers, based on a reduced scope of services. The Department notified Municipal Services Bureau that it had been selected to participate in negotiations.
August 2004	<ul style="list-style-type: none"> The Department awarded the Driver Responsibility Program contract to Municipal Services Bureau. The contract included a service level agreement that specified the mechanics for collecting surcharges and charging the vendor liquidated damages.
November 2004	<ul style="list-style-type: none"> The Department and Municipal Services Bureau signed an amendment to the service level agreement. The State began to receive Driver Responsibility Program surcharge revenue.
July 2005	<ul style="list-style-type: none"> The State Auditor's Office released <i>An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program</i> (Report No. 05-040). The report stated that the Driver Responsibility Program had not been fully implemented and that the Department was not assessing and billing all statutorily required surcharges.
August 2006	<ul style="list-style-type: none"> The Department performed its first on-site program review of Municipal Services Bureau’s surcharge collection services.
January 2008	<ul style="list-style-type: none"> The Department and Municipal Services Bureau signed a second amendment to the service level agreement.^a
May 2008	<ul style="list-style-type: none"> The Department issued a purchase order change notice, which extended the contract for five years, until September 2013. That five year extension was the maximum extension period allowed in the contract. Municipal Services Bureau had agreed to the extension in April 2008.
June 2010	<ul style="list-style-type: none"> A third service level agreement amendment was drafted but never finalized. However, the draft amendment’s terms were implemented, which included allowing Municipal Services Bureau to collect Driver Responsibility Program surcharges directly, instead of using the State’s central collection architecture, Texas.gov. Municipal Services Bureau was also allowed to keep all credit/debit card fees, which the State had previously shared with the Texas.gov vendor.
<p>^a The Department and Municipal Services Bureau also signed a contract amendment that strengthened the “right to audit” clause and required all potential Municipal Services Bureau employees assigned to the Driver Responsibility Program to submit fingerprint-based background checks; however, the Department was not able to provide an effective date for the amendment.</p>	

Source: Auditors created this time line based on information from the Department.

Figure 1 shows a screenshot of Municipal Services Bureau's Web site home page.

Figure 1



Source: Municipal Services Bureau home page at <http://www.muniserv.com/index.aspx>.

History of the Aircraft Engine Rebuild Contract

The Department of Public Safety's (Department) Aircraft Section operates 23 aircraft, including a 1985 Gulfstream Commander 1000, Twin-Engine Airplane (Twin Commander). All major aircraft components have a useful lifetime before replacement or rebuild is required to continue the safe usage of the aircrafts. The engine manufacturer recommends that the time between overall periods for the Twin Commander is 5,400 flight hours.

The Department of Transportation's Flight Services Section generally performs maintenance on state-owned aircraft. The State owns only one Twin Commander. As a result, maintenance on the aircraft is outsourced. Table 2 summarizes the history of the Department's procurement of aircraft engine rebuild services for the Twin Commander. A copy of the vendor's (Mid-Continent Airmotive, Inc.) Web site home page appears on page 28.

Table 2

History of the Aircraft Engine Rebuild Contract	
Date	Key Events
Calendar Year 2009	<ul style="list-style-type: none"> Department management initiated plans to rebuild the Twin Commander's engines at the end of fiscal year 2011 as a result of comparing the estimated \$6.2 million cost to replace the Twin Commander to the estimated rebuild cost of \$0.8 million.
September 2010	<ul style="list-style-type: none"> Texas Procurement and Support Services (TPASS) initiated procurement for Twin Commander maintenance and repair. Department management stated that it did not anticipate the aircraft engine rebuilds would occur until fiscal year 2013, and that it was still possible the Department might sell the Twin Commander. TPASS created a draft request for proposal (RFP) for a statewide airplane maintenance and repair contract for the Twin Commander and sent it to the Department for input. The Department provided input on the RFP.
October 2010	<ul style="list-style-type: none"> TPASS issued an RFP, which included regularly scheduled maintenance and repairs and stated that unanticipated aircraft modifications or engine replacements will be considered as a potential contract supplement.
November 2010	<ul style="list-style-type: none"> TPASS made multiple awards for the statewide maintenance and repair contract to two companies: <ul style="list-style-type: none"> A Texas company specializing in Cessna aircraft. An Oklahoma company, Mid-Continent Airmotive, Inc., specializing in Twin Commander aircraft. The Department awarded the contract to Mid-Continent Airmotive, Inc. based on that company's experience with and knowledge of the Twin Commander aircraft and overall lower projects costs. TPASS agreed with that decision.
October 2011	<ul style="list-style-type: none"> TPASS renewed the statewide maintenance and repair contract until October 31, 2012.
March 2012	<ul style="list-style-type: none"> The Department sent TPASS a completed open market commodity requisition that asked TPASS to add aircraft engine rebuild services to the existing statewide maintenance and repair contract to cover the planned aircraft engine rebuild of the Twin Commander, at an estimated cost of \$480,000.
July 2012	<ul style="list-style-type: none"> TPASS sent draft language to the Department for the aircraft engine rebuild portion of the procurement. The Department requested that TPASS cancel the fiscal year 2012 open market commodity requisition for the aircraft engine rebuild services. TPASS told the Department that after the Department submitted an updated open market commodity requisition, TPASS would add the aircraft engine rebuild services to the statewide maintenance and repair contract.
August 2012	<ul style="list-style-type: none"> The Department did not execute a supplement to the statewide contract or procure a separate, new contract. Instead, the Department issued a purchase order for aircraft engine rebuild services on the original, unmodified TPASS statewide maintenance and repair contract on August 28, 2012.

History of the Aircraft Engine Rebuild Contract	
Date	Key Events
October 2012	<ul style="list-style-type: none"> ▪ The TPASS statewide maintenance and repair contract expired.
November 2012	<ul style="list-style-type: none"> ▪ The Department delivered the Twin Commander to Mid-Continent Airmotive, Inc. for the aircraft engine rebuilds.
January 2013	<ul style="list-style-type: none"> ▪ Department management performed a field visit to inspect the facility at which the aircraft engine rebuild was being performed. ▪ The Department made a \$318,505 payment related to the engine rebuilds.
March 2013	<ul style="list-style-type: none"> ▪ The Department received the Twin Commander, with the rebuilt engines, from Mid-Continent Airmotive, Inc.
May 2013	<ul style="list-style-type: none"> ▪ The Department made a final payment of \$7,611 on the engine rebuilds. The total cost for the engine rebuilds was \$326,115.^a
^a Total does not sum exactly due to rounding.	

Sources: Auditors created the time line based on information from the Department and TPASS.

Figure 2 on the next page shows a screenshot of Mid-Continent Airmotive, Inc.'s Web site home page.

Figure 2

Mid-Continent Airmotive, Inc.'s Web Site's Home Page

Welcome Service Department Parts Department Line Service Department
Flying Directions Driving Directions Web Links

 **Mid-Continent Airmotive, Inc.** 
Welcome



Mid-Continent Airmotive, Inc.
has maintained twin turbine and jet aircraft since 1977. Located at Clarence E. Page Airport (RCE) just 18 miles west of downtown Oklahoma City, our airport features 17R - 35L @ 6013' X 100', and a parallel at 3502' X 75'. VASI lights are in service on 17R - 35L, with VOR, VOR/DME RNAV, and GPS approaches. Our AWOS frequency is 125.05. Or current conditions can be obtained by calling 405-354-2617.

Free Wi-Fi internet access available in our passenger lounge / computer terminal and printer with internet access in line service office for pilots.

M.C.A. is an authorized Twin Commander Service Center and a Raisbeck Products installing dealer.

To contact us:
Phone: 405-354-8631 Fax: 405-354-8634

Source: Mid-Continent Airmotive's Web site at <http://www.midconair.us/midconair.us/Welcome.html>.

The Department's Efforts to Strengthen Its Contracting Processes

In fiscal year 2012, the Department of Public Safety (Department) began to implement a series of efforts to identify and address contracting weaknesses (see Table 3).

Table 3

The Department's Efforts to Strengthen Its Contracting Processes September 2011 - April 2013	
Date	Key Events
September 2011	<ul style="list-style-type: none"> The Department created and filled a new director of procurement and contract services position.
February 2012	<ul style="list-style-type: none"> The director of procurement and contract services began developing new contracting policies and procedures. The director did not have a formal plan for determining which additional policies and procedures were needed to create a comprehensive contracting process. As of February 2013, the director had finalized 9 standard operating procedures and 9 administrative memorandums and drafted an additional 14 standard operating procedures and 1 administrative memorandum.
April 2012	<ul style="list-style-type: none"> The Department implemented a policy that designated approval requirements for solicitations, contracts, and purchase orders. The Department's director issued a <i>Director's Directive on Contracting</i> to improve contracting processes. The directive restricted authority to approve and sign contracts and authority to coordinate contract negotiations. Additionally, the <i>Director's Directive</i> increased management review of proposed purchase orders with a value of \$100,000 or more and required contract training for assistant directors and contract managers.
June 2012	<ul style="list-style-type: none"> The Department's Chief Auditor's Office (CAO) completed an assessment of the Department's contract management processes. The CAO's report identified deficiencies in contract planning, procurement, formation and review, and administration. The CAO made several recommendations, including development of a comprehensive corrective action plan.
September 2012	<ul style="list-style-type: none"> The Department expanded its procurement function by transferring approximately 16 full-time equivalent employees from other functions and hiring 12 new procurement employees between September 2012 and January 2013.
April 2013	<ul style="list-style-type: none"> The Department was in the process of procuring of a new eProcurement system. Management was seeking a system that would automate the Department's contracting and purchasing functions. The opening date for offers was April 19, 2013.

Source: Auditors created the table based on information from the Department.

Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
13-023	A Report on State of Texas Compliance with Federal Requirements for Selected Major Programs at the Department of Public Safety and the University of Texas Medical Branch at Galveston for the Fiscal Year Ended August 31, 2012	February 2013
12-019	A Report on State of Texas Compliance with Federal Requirements for Selected Major Programs at the Department of Public Safety and the University of Texas Medical Branch at Galveston for the Fiscal Year Ended August 31, 2011	February 2012
11-026	A Report on State of Texas Compliance with Federal Requirements for the Homeland Security Cluster of Federal Programs and the Public Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2010	February 2011
10-041	A Review of State Agencies' Implementation of Sunset Advisory Commission Management Actions	August 2010
05-040	An Audit Report on the Department of Public Safety's Implementation of the Driver Responsibility Program	July 2005

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The Honorable Joe Straus III, Speaker of the House, Joint Chair

The Honorable Thomas “Tommy” Williams, Senate Finance Committee

The Honorable Jim Pitts, House Appropriations Committee

The Honorable Harvey Hilderbran, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Department of Public Safety

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